Customer Success Story:
U.S. Treasury Community Development Financial Institutions Fund (CDFI)

Overview

The U.S. Treasury Community Development Financial Institutions (CDFI) Fund was created to expand the availability of credit, investment capital, and financial services for distressed urban and rural communities. The CDFI Fund provides infusions of capital to institutions that serve distressed communities and low-income individuals. To fulfill its mission, the CDFI Fund staff must interact with hundreds of financial institutions that submit applications for funding. The CDFI Fund awarded $2.6 billion in cash and tax credits in fiscal year 2003 to community and economic development organizations.

Challenge

The CDFI Fund, like many federal agencies, was inundated with paper-based systems and required a paperless method for institutions to apply for grants, loans, and tax credits. CDFI also needed an efficient method to receive and process applications in order to comply with government mandates such as the Government Paper Elimination Act (GPEA), while at the same time meeting the expectations of financial institutions and citizens.

The Fund reviews an average of almost one thousand applications per year, with some complex applications as long as 80 pages. In order to meet its goal of reducing its processing time by 66 percent – down to 30 days per application – CDFI needed to streamline its administrative and grant application processes. Previously it had taken an average of two to three months to manually process funding applications, delaying the delivery of necessary funds to needy communities.

The Fund realized that it needed assistance to begin automating its processes and turned to FC Business Systems, Inc. (FCBS) for an assessment. FCBS recommended that the Fund implement a Business Process Management (BPM) solution using Metastorm e-Work.

Solution

FCBS recommended that the Fund intake electronic applications via their existing Web portal and then perform all back-office processing using e-Work to automate the workflow and internal processes. This technical approach leveraged the Fund's existing Microsoft SQL Server corporate database and robust Web portal. Institutions apply for funding for the two largest programs by completing a 100% Web-based online application via the Internet. All applicant data is securely stored in the Fund's database and is then available for internal processing using e-Work, which routes the applications for processing.

In a matter of months, FCBS developed more than 14 separate e-Work applications to process eGrants applications and to provide queries and reports on all awards completed since inception of the Fund.

Annually, e-Work routes and tracks over 1,000 CDFI Fund grants, loans, tax credits, and disbursement and certification applications –providing instant access to critical applicant and grant information.

Furthermore, the BPM solution is designed with an open architecture, making it an ideal platform for tying together multiple applications as well as enabling better communication with other federal government agencies. For example, FCBS has integrated the eGrants process with the Bureau of Public Debt (BPD), which is the federal agency that actually disperses the funds.

The implementation of these web-based applications and a full-life cycle BPM suite has in many cases eliminated paper requirements, streamlined the entire eGrants qualification and distribution process, and provided the necessary data for accurate reports and metrics to more effectively meet the needs of the institutions the CDFI Fund serves. In short, Metastorm e-Work now provides total workflow visibility into the entire eGrants process – from beginning to end.

Results

By implementing a BPM system, the Fund has attained a number of excellent results to date. Applicants may now submit applications via the Web – the 80-page paper form of the past is gone for the Fund's major programs with the exception of a single sheet of paper being required to collect authorized signatures. In using electronic applications, the Fund has been able to reduce the error rate inherent in paper applications by forcing the use of error checking and data validation, and the U.S.Treasury CDFI Fund has been able to comply with GPEA regulations. Applications are now submitted, processed, and funded electronically. By implementing BPM technology from Metastorm, FCBS has automated the entire process from application through to the disbursement of funds.

The following example illustrates savings in time and money: To quote the CDFI Fund CIO Terry Keyfauver "Using the old paper-based system, the U.S. Treasury CDFI staff spent 2-3 weeks just to perform a compliance check of the submitted applications. This year, e-Work performed the compliance check for all applications automatically with no human involvement in a matter of minutes!" The time saved in performing other processing steps is similar.

The cost savings achieved from the solution is enabling CDFI to work within its budget. Application data is captured online and stored directly into the database, which minimizes redundant information. Incoming applications are cross-referenced with current data, duplicate forms are identified immediately, and frequently-asked questions are answered quickly from the electronic knowledge base.

At a user level, the electronic audit trail created by e-Work has given CDFI management greater visibility into the system, which has led to identifying problems, making improvements, and assuring quality. Given the appropriate authority levels, management and other users can access status updates on an individual application, add notes, suggest actions or grant approval at any stage.

Any large-scale change in a government organization may be met with resistance, but users quickly adapted to the new system because it has a simple, intuitive user interface and required minimal training. With these BPM-automated processes, CDFI enforces best practices because users must complete each stage of an application before going on to the next. This ensures that all appropriate checks are done and forms completed before approval is granted.

Bottom line – The Fund has implemented a model eGrants system that is an outstanding example of eGovernment in action as promulgated by the Office of Management and Budget in its eGovernment "Quick Silver" Initiative. Furthermore, this system is a shining example of compliance with GPEA. But the real benefit is to the taxpayers who have realized the ability to obtain delivery of cost-effective government goods and services via the Internet.